

Summary

Governor's 2007 Pension Budget (HB 1771 / SB 5779)

Revise Pension Gain-Sharing

Pension gain-sharing for the Public Employees' Retirement System (PERS), Teachers' Retirement System (TRS), and School Employees' Retirement System (SERS) Plans 1 and 3 would be revised. The last potential gain-sharing distribution would take place in 2008 according to the current program. Instead of future gain-sharing payments, Plan 1 members would receive up to an additional \$0.05 increase in their Uniform COLA Amount effective July 1, 2009, should the 2008 gain-sharing event result in less than a \$0.23 adjustment. Eligible Plan 3 members could use their prospective defined contributions to receive an Assured Benefit – an annuity guaranteed to equal 1 percent of Average Final Compensation (resulting in a 2 percent prospective benefit formula in Plan 3). Choice of either Plan 2 or Plan 3 would be extended to new members of TRS and SERS.

Comparison of Total Employer Contribution Rates*

System	In Effect	Adopted**		Governor's Proposal**	
	2006-07	2007-08	2008-09	2007-08	2008-09
PERS	5.28%***	6.46%	8.02%	6.04%	7.60%
TRS	4.56%	7.38%	9.15%	6.18%	7.95%
SERS	4.67%	7.76%	9.06%	6.60%	7.90%
PSERS	8.35%****	8.66%	9.54%	8.28%	9.16%

* Excludes the administrative expense rate.

** Fiscal year rates to complete phase-in. Effective 7/1/2007 & 7/1/2008 for PERS and PSERS; 9/1/2007 & 9/1/2008 for TRS and SERS.

*** PERS employer rate was 3.51% from 7/1/2006-12/31/2006.

**** PSERS employer rate was 6.58% from 7/1/2006-12/31/2006.

Projected Employer Pension Contributions (Estimate; GF-S in millions)*

The table below compares projected employer contributions from the State General Fund under current policy to projected employer contributions under the Governor's proposed pension budget (HB 1771 / SB 5779). The 25-year savings to the State's General Fund is projected to be \$1,655 million.

Period	Current Policy	Governor's Proposal (HB 1765.1)	Increase / (Decrease)
2007-08	\$362	\$321	(\$41)
2008-09	\$509	\$459	(\$50)
2009-10	\$628	\$603	(\$25)
2010-11	\$663	\$635	(\$28)
2011-12	\$700	\$669	(\$31)
2012-13	\$739	\$704	(\$35)

* Includes estimates for LEOFF and WSP.

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